VI Semester B.Com. Examination, April/May 2015
(Semester Scheme) (Fresh) (2014 – 15 & Onwards)
COMMERCE
Paper – 6.6 : Elective Paper – IV
Accounting for Business Decisions and Reporting

Time : 3 Hours Max. Marks : 100

Instruction : *Answer should be written either **completely** in **English** or **Kannada**.*

SECTION – A

Answer **any ten** of the following sub-questions. **Each** sub question carries **two** marks. **(2×10=20)**

1. a) What is Break-even Point ?

   b) What are variances ?

   c) What is contribution ?

   d) Define 'standard costing'.

   e) State two objectives of budgetary control.

   f) What is flexible budget ?

   g) Give the meaning of IFRS.

   h) Sales ₹ 2,00,000, Fixed cost ₹ 40,000, Profit ₹ 20,000 calculate variable cost.

   i) Give the meaning of corporate financial reporting.

   j) Give the expansion of IASB and IFRIC.

   k) What is financial statements ?

   l) Mention any four steps involved in standard costing.

SECTION – B

Answer **any four** of the following questions. **Each** question carries **eight** marks. **(8×4=32)**

2. Mention the differences between US GAAP and Indian GAAP.

3. Explain the objectives of Corporate Financial Reporting.

4. The following information is obtained from a standard cost card :

   Labour rate – ₹ 1.80 per hour

   Hours – 4 hours per unit

   Actual production data are :

   Units produced – 400 units

   Labour rate – ₹ 1.90 per hour

   Hours worked – 1,500

   Calculate :

   a) Labour cost variance

   b) Labour rate variance and

   c) Labour efficiency variance.

5. Following data are available from the records of a company

   - Sales ₹ 1,20,000
   - Variable cost ₹ 60,000
   - Fixed cost ₹ 30,000

   Calculate : P/V Ratio, Break even point and margin of safety at this level.

6. Prepare a cash budget for two months commencing 1st June, when the bank balance was ₹ 1,00,000.

	Sales	Purchases	Wages
	₹	₹	₹
April	80,000	41,000	5,600
May	76,000	40,000	5,400
June	78,000	38,000	5,400
July	90,000	37,000	4,800

   - 20% of the sales are on cash basis, customers are allowed 2 months credit.
   - Suppliers allow one month credit.
   - Lag in payment of wages – 1 month.

SECTION – C

Answer **any three** of the following questions. **Each** question carries **sixteen** marks.

(16×3 = 48)

7. Nischay Ltd. supplies you the following data for the year ending 31st December 2014.

   Production – 1,100 units

   Sales – 1,000 units

   There was no opening stock.

   Variable manufacturing cost per unit ₹ 7

   Fixed manufacturing overhead (total) ₹ 2,200

   Variable selling and administration overhead per unit ₹ 0.50

   Fixed selling and administration overhead (total) ₹ 400

   Selling price per unit ₹ 15

   You are required to prepare income statement under

   a) Absorption costing method and

   b) Marginal costing method.

8. The standard mix to produce one unit of product is as follows

   - Material A 60 units @ ₹ 15 per unit
   - Material B 80 units @ ₹ 20 per unit
   - Material C 100 units @ ₹ 25 per unit

   During the month of April ten units were actually produced and consumption was as follows :

   - Material A 640 units @ ₹ 17.50 per unit
   - Material B 950 units @ ₹ 18.00 per unit
   - Material C 870 units @ ₹ 27.50 per unit

   Calculate :

   a) Material cost variance

   b) Material price variance

   c) Material usage variance.

9. A manufacturing company has a production department, the expenses for production of 10,000 (50% level of activity) units for a period are furnished below :

	Per unit
	₹
Materials	40
Wages	20
Manufacturing expenses (40% fixed)	10
Administration expenses (all fixed)	5
Selling expenses (60% fixed)	5
Total cost	80
Profit	20
Selling price	100

Prepare a flexible budget for 60% and 90% levels of activity. It is expected that the present unit selling price will remain constant upto 60% activity beyond which a 5% reduction is contemplated upto 90% activity levels.

10. The operating results of a company for the last two years are as follows :

	31-03-2014	31-03-2015
	₹	₹
Sales	2,70,000	3,00,000
Profit	6,000	15,000

Calculate :

a) P/V Ratio

b) Fixed cost

c) Sales to make ₹ 1,00,000 profit

d) B.E.P.

e) Margin of safety at a profit of ₹ 24,000

f) Profit earned at ₹ 5,00,000 sales.